

Facts on Money vol 49

A

VINDICATION

OF THE

BANK of *England*

FROM THE

Misrepresentations, and Groundless
Suggestions of a late Pamphlet,
entituled,

Remarks upon the Bank of England.

To which is added, by way of Appendix,

ESSAYS upon Banks, upon Credit, and
upon Plenty and Scarcity of Money.

By a Merchant.

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МОГАДИЧИ

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Литература по архитектуре
и строительству в СССР

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Библиография по архитектуре и строительству в СССР
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A

VINDICATION OF THE Bank of *England*, &c.

IT is some Months since I was told of a Treatise, pretending to shew the Inconveniencies, and even Dangers, of the *Bank of England*, and some of the principal Arguments being hinted to me, I contented my self to answer, That, I thought, the real Advantages which that Corporation had afforded to Trade, and the many Services which it had performed to the Government, were so visible, that such superficial Discourses would make but little impression on Men of Understanding in such Matters; without troubling my self to examine it, 'till I was almost upbraided with Negligence, for not reading a Piece which

which had obtain'd a general Applause for being admirably well written, and shewing, by what was thought unanswerable Arguments, that our Trade must be ruin'd, and our Constitution would be in danger of Subversion, if the Parliament should be prevail'd with to prolong the Term of the *Bank*. This, at last, put me upon seeking this celebrated Performance; and tho' I must do the Author the Justice to own, that his Book answers the Character that was given it, in the Politeness of its Stile and the Elegancy of Expression, yet he must pardon me at the same time, for telling him, that Mistake and Error trimm'd up with fine Language, will never obtain up on Men of Judgment, like honest Truth in a plain Dress; as also that this way of Writing savours much stronger of the Scholar, tho' he is pleas'd to stile himself a Merchant, when yet his Reasoning shew him to have no deep Understanding in that way. 'Tis therefore to undeceive such unwary Gentlemen who may have been impos'd upon by strain'd Arguments, imaginary Notions, and perverse Applications and to prevent the Prejudices which might possibly prevail upon Men in Authority to think of depriving the Nation of a Assistant so helpful to the Governmen

and so useful in Trade; that I have taken the Pains to examine that Author's *Remarks*, and have endeavour'd to do some Service to the Publick, by giving a juster Idea of its Operations, *with regard to our Trade and Government*, than that Gentleman has been pleas'd to insinuate.

I pass over the Preface and Introduction, (wherein his Suggestion, as if the *Bank* receiv'd 16 per Cent. annually from the Government, gives a Taste of his Spirit, and shews what we are to expect from him hereafter) as having nothing material but what will come to be handled in its Course; nor does the First Chapter entertain us with any thing very remarkable, whilst it is giving us an Account of the Establish'd Constitution, Privileges, Restrictions, and Profits of the *Bank*, Things very well known before to the Gentlemen to whom he addresses his Discourse. However, the *Bank* will very well bear viewing and reviewing; and therefore, I hope I may, without Offence, give in my Survey of it also.

The Nation was then engag'd in an expensive War, and the Supplies of Money falling short of the pressing occasions, the
Govern-

Government were necessitated to give out Tallies in Payment to those who furnished them with Provisions, Stores, and other Necessaries; and they being obliged to expose them to sale for ready Money, this became a gainful Trade to the money'd Men, who preying upon the Necessities of the Government, soon brought them to 20 and 30 per Cent. Discount.

For remedy of this Evil, certain Gentlemen make a Proposal to erect a Bank which should lend the Government 1,200,000 *l.* in ready Money, and be furnish'd with a large Stock for buying up the Tallies; by which means the excessive Discount would come to be lower'd by degrees. But forasmuch as this great Undertaking could not be effected but by the Subscriptions of many Persons, nothing could be more reasonable than that they should be Incorporated by Act of Parliament, and thereby be intituled to requisite Profits, and invested with certain Powers and Privileges whereby they might be enabled to manage their Affairs in proper Methods, and effectually to secure the Property of the Members: All which was perform'd to the mutual Satisfaction of both the Government and the Subscribers: And the Author having given an

an account of the Particulars, I need say no more thereof here, nor of the Enlargement made by the second Subscription, which, as he acknowledges, is much upon the same foot as the former; and shall only remark, that such Privileges must needs be thought very modest and reasonable, when those that oppose them can find nothing to object but what, upon due Examination, will appear slight and trivial.

This Author begins his Fault-finding by Page 12. inquiring into the *Inducements which moved the money'd Men to procure the Establishment of the Bank, and engages them so very earnestly to sollicit the Prolongation of it.* But all results in this, that they aim'd at certain Profits for the Improvement of their Money, which surely needs not seem so strange a thing to him, when he sees all the World of the same mind: And if at last we shall find these Profits to be very modest and just, as well as useful to the Publick, his declaiming against it will never make it a Crime: Touching which we shall enquire in order.

His first Remark is, that 8 per Cent. alone Page 13. (when legal Interest was but 6, and the clear Produce of Land seldom 4) was of it self sufficient

B f i c i e n t

ficient Encouragement to this Undertaking, especially as it was exempt from Taxes. But it is apparent, that upon some Emergencies Money may and does actually become more worth than legal Interest ; for though it be very necessary that a Rule should be set to it, yet if the Possessors of Money will not part with it on those terms, they that want it will aways submit to such Premio's and Procurations as shall amount to the Lender's Satisfaction, without incurring the Penalties of the Law : and in the Instance before us, we see even the Parliament it self complying with the Necessity of the Times, and consenting to such an Advance of Interest as might not be taken but as it was made Legal through their Sanction. If then we will consider the Circumstances of this time, we must be convinc'd that this exceeding the Legal Interest (as 'tis call'd) was a Management of the highest Frugality on the part of the Government ; and that on the part of the money'd men, their accepting of that Price was the most moderate and reasonable that could be expected, at a time when People knew how to make 30 per Cent. of their Money by dealing in Taliess. But to give this Argument its true Lustre, we must come forward to the time of the Engrafting Act.

Nothing could have succeeded better for the lowering the Discount of Tallies, and abating extravagant Interest, than the Management of the *Bank* for the first two Years: but when in the Year 1695 the whole Money of the Kingdom was call'd in to be re-coin'd, notwithstanding all the Expedients that could be provided, the Species became so scarce for a time, that it gave the greatest Shock to Credit, both Publick and Private, that ever was known: And if this Gentleman had examin'd the matter judiciously, he would have discover'd this to have been the true Cause of the second Depreciating of Tallies, and not the Stock-Jobbers, (as he mistakes) for the Advantages they took from it was but the visible Effect of the Scarcity of Money: And this Mischief became so great, that even *Bank* Bills, which ought always to be the same as ready Money (because, whilst their Money was re-coining, they were not able to answer all Demands) were brought to a large Discount: Private Security would hardly pass under 20 per Cent.; and Plate it self would perhaps have given double Interest: but the Publick Credit was so far undervalued, that the Land-Tax (always payable within the Year) came to 20 per

Cent. and some of the remotest Tallies were brought to abate one half of the Principal.

When things were at this miserable pass, the Government could have no better recourse than to the same *Bank* which had so effectually serv'd them on the former Occasion ; and this produc'd the Engrafting A&t, whereby such other Persons were to be admitted into the Corporation, who should subscribe to it four fifths in Tallies, and one fifth in Money : by which means the worst of the Tallies being brought in and sunk in the *Bank*, Publick and Private Credit soon reviv'd, and by the prudent Management of the Directors the extravagant Discounts abated by degrees till they came to a Par, and the Interest of Money was reduc'd to as low a Price as has been known in our time, and so it continues to this day : and the Relief thereby given to the Publick Affairs has prov'd so seasonable and so great, that the Conduct of the Government can never be too much commended for making so good a Bargain, nor the Gentlemen who undertook this great Work, for doing it on so easie Terms. But since our Author is pleas'd to think that *the Interest of 8 per Cent. alone was sufficient Encouragement*

agement to this *Undertaking*; I'll endeavour to convince him that this is the bare, single, individual, only and alone Profit that accrues to them from their Money lent the Government: and if he will but be content to think it not too much, we shall then have done with this first point.

The next Emolument which this Author Page 13. thinks does arise to them from the Privileges granted by the Parliament, is, *The Power to extend their Credit upon so good a Foundation as the Security of an Act of Parliament*, which he guesses to be a more considerable Article of their Profit than even so great an Interest. But now if it shall appear that the Act of Parliament does not give them the Power to extend their Credit, he ought not to make them Debtors to the Parliament for this very considerable Article. If then he will but consider that the Parliament have not Power to extend their own Credit farther than the Opinion which the People will entertain of the Security which they give, (as is sufficiently evident from the undervaluing of some of their own Funds) much less can they give this Power of Extending Credit to others. The Design of all Charters of Incorporation is to enable a Body of Men to manage their joint

joint Affairs in the same manner as a single Man might do ; and to this end they are usually empowered to make use of a Common Seal, to borrow Money, and to Sue and be Sued : but this does not add to them one Pennyworth more of Credit than what the Opinion which the People have of their Fund gives them. The *East-India Company* are Incorporated by Act of Parliament in like manner as the *Bank*, and they also borrow what Money they think fit on their Common Seal ; Will our Author say that they could not extend their Credit by Borrowing of such as would voluntarily lend them, if the Parliament did not give them the Power ? Or will he not rather conclude with me, that the Capacity of Buying and Selling, Borrowing and Lending, is of course granted to all Corporations, even though they are not constituted by Act of Parliament, and is a Right so essential to them, that without it they could not be ; and that therefore the extended Credit of the *Bank* is the natural result of its own indubitable Fund in the hands of the Government, its large and well-employ'd Stock, its just and punctual Dealing, and its prudent and thriving Managements ; but that it is in no wise to be attributed to the Power given them by the Par-

Parliament to borrow Money, which Privilege alone, without a certain and known Capital of its own, would never have rais'd its Credit? The Profit then that arises to them from this Article, is justly due to their Care and Industry in the employing of their proper Stock, wherein they have no greater Privilege than every single *Banker* or Company of *Bankers* do enjoy; and therefore this cannot be said to add any thing more to the 8 *per Cent.* for the Money which they have Lent to the Government.

The Author gives us for a further Article of their Profit; that *They had a sufficient Prospect (and Time has made it good) of rais'g their Credit to a Par with Money; and wherever such Credit obtains, it affords all the real Advantages of so much Money.* They had certainly been much in the wrong to pretend to set up for a *Bank*, if they could not have valued themselves upon a Credit equal to Money, that is, that People would take their Notes payable at Demand, as ready Money; but this is so far from being a peculiar Privilege, that they hold it but in common with all other *Bankers*, and every honest Man besides (who is believ'd to have Substance) as long as he keeps his Credit; but No Man, or

or Body of Men, can hold it longer, as was seen in the Instance before observ'd, of the *Bank's Notes* becoming worse than Money, whilst their Cash was in coining, and they could not answer Demands; tho', as soon as they were able to make current Payments, their Credit return'd as before. And thus this First Part of his Argument advances just nothing towards proving a Privilege; and if he has any better Success in the Latter, I never saw the like on't; tho' he lays it down as strong as an Axiom, that *Wherever such Credit obtains, it affords all the real Advantages of so much Money.* But this, I'm sure, is not talking like the Merchant, who ought to know, that if he makes use of all his Credit, and keeps no Money at Home to pay People when they call upon him, he may soon expect to be declared a Bankrupt. 'Tis true, that *Banks* and *Bankers* have more of this sort of Credit than other People; but then they must always keep a Proportion of Cash sufficient to give Every one his Money who comes for it; and he that begins a Foundation of Credit in this way, ought not at first to launch his Credit above a Fourth Part beyond his Money, nor can I think that the *Bank* do ever keep less than one half in Specie; and I should be afraid

afraid to trust that *Banker*, who would adventure so far as to reserve but a Fourth Part in ready Money, for the circulating his Notes at Sight ; but 'tis plain, that some Part must always be kept, and whatever that shall be, so much will the real Advantage of this Credit fall short of so much Money. I shall, however, readily own, that this is one of the principal Branches of the *Banker's* Profit, yet it must be us'd tenderly, and with great Discretion, it being ever precarious and uncertain ; and as we see that all the wary and prudent Dealers in this way, do keep their Credit so far within Compass, as to be always prepar'd against a Run (as 'tis called;) so we may be confident, that, as a Body of People are generally more circumspect, and less apt to be tempted by every View of Advantage than Private Men, the *Bank* are the least likely of any to adventure their Credit beyond their reach ; and that they do always keep themselves so well provided with ready Cash, to answer all Demands, as that but a moderate Proportion of that large Credit which they have deservedly obtain'd, can be made use of by them to their real Advantage ; and, by this time, I hope the Gentleman himself will be convinc'd, that no Man will dare

to deal so freely with the best Credit in the World, as he might do with the like Sum in ready Money, and, consequently, that he was mistaken, to think that the one affords full as much real Advantage as the other.

His next Advance, *That such an Establish'd Credit is capable of being increas'd to an immense Value*; is but imaginary, like the rest, and may be laid by under the Topick *De non apparentibus*: He owns, however, there is great Occasion for it, and that 'tis a Convenience in Trade; In the Name of Good-then let us freely make use of it 'till we find out the Inconveniences, and we need not fear our being able, at any time, to encounter with the most terrible Machinations that can ever threaten us from ~~a~~ *a vastly extended [Voluntary] Credit*, since it will always be in our own Power to remove the Cause, whenever we shall feel any hurt from the Effect. I can't chuse but differ with him too, when he says (in this same Paragraph) *It's known that Trade cannot be carry'd on to a due Extent in England, without a far greater Sum in Credit, than there is in Specie in the whole Nation.* But I shall defer speaking to this 'till I come upon the Business of Credit.

The

The Superstructure which he proceeds to raise upon these Positions, will prove as weak as the Foundation. He tells us then, that *The Bank has a Privilege to negotiate and discount Bills of Exchange, which they commonly do at the rate of 4 per Cent.* But he is very unhappy in producing such Instances against the *Bank*, which are the highest Arguments of its Merit. Was it ever known before the Institution of this *Bank*, that Merchants could have their Bills discounted upon such easy Terms? Has not this apparently lower'd the exorbitant Extortions which some Money-Dealers us'd formerly to exact from necessitous Merchants upon such Occasions? Is it not evident, that the Managers of the *Bank* have industriously apply'd themselves to supply the Wants of Traders and the Government, with the smallest Reservation of Profit to the Corporation that could possibly be expected? Well, but says our Author, *The People that discount their Bills with them, chuse rather to take their Notes than Money, and if these Notes circulate 'till the Bills of Exchange are paid into the Bank, then the Bank gains all the Discount without disbursing any Money, and get by that Money too as long as their own Notes circulate:*

culate: Nay, if perhaps their own Notes should be paid before they have receiv'd the Money on the Bills of Exchange, yet other People will deposite their Money in the Bank, and that Money will answer these other Bills as fast as they come, and so one Sum will answer the Demands of another; from whence it follows, that with a small Sum of Money the Bank is able to circulate a much larger Sum in Credit, to their great Profit. Such Arguing would even excite Levity, and the reciting is refuting it, or else I should have bethought my Pains in transcribing so much on't. Alas, Good Sir! are you offended that the Society of the Bank do get some Profits and Advantages by the employing of their Stock? Why, 'twas the very End and Design of their engaging in the Affair; they withdrew their Money out of other Business, that they might improve it in this? Do they exact upon the People? Quite contrary, they do every thing so easy and so cheap, that few Private Men would think it worth their while to deal for so low a *Præmium*: Are they grown into so good Credit, that their Bills are esteem'd at a Par with Money? So they should, or else they were fitter to bear the Title of a *Bankrupt* than a *Bank*: And do they by this means make a lesser Sum of Money

Money circulate a larger Sum of Credit ? 'Tis very true, and no wonder neither, nor, after all, is there any hurt in it to any Body whatsoever, excepting only the Money-Mongers ; [and now I have touch'd the sore Place.] 'Tis this very thing that enables them to work so cheap, and do so much Good to the Publick, by lowering Excessive Interests, Discounts, Præmio's, Procurations, and Continuations. Are their Gains from all these Privileges, Advantages, and whatsoever other *Viis & Modis*, Excessive, Prodigious, Vast and Dangerous ? The whole World may judge of that, from the moderate Dividends which they make ; but, what is much more to their Honour, for every Penny They get, the Publick gets a Pound, by their having abated the Price (if I may so call it) of all sorts of Credit thro' the whole Nation ; And therefore let us make a Noise, and raise a Tumult against them, for fear, if this devouring *Bank* should be prolong'd, it might in time undo all the Shrine-Makers. But before I have quite done with this, I would ask the Gentleman, What peculiar Privileges have been granted to the *Bank*, to enable them to carry on this dangerous Traffick upon Credit ? May not, and do not, all the Goldsmiths in

Lombard-

Lombard-Street, and every Body else that hath Stock enough, actually do the same?

Page 15.

I must yet recite some more on't. In like manner the Bank proceeds in lending their Credit to the Government at considerable Interest; which they can do without disbursing any Money, if the Notes they lend should keep out till the Funds they lend on bring in the Money to the Bank; as now it may well be suppos'd they commonly do, &c. But did every any Body else suppose, that all the Notes which the Bank gives out, do pass from Hand to Hand at least One whole Year (some Three or Four, or more, as the Distance of some of the Funds are) before they come into the Bank to be paid? For nothing ought to be suppos'd of any particular Parcel of their Notes, which is not to be suppos'd of them in general. But what of all this, if it be so? Does it not all go into their Total Account of Profits? which yet (as was just now said) is known not to be excessive; and if they should find their Profits encrease upon them, what may be the Consequence? Will they not be able to lend their Credit (as he is pleas'd to term it) the cheaper the next Year? But he out-does this by abundance in the next Paragraph. *The same*

same or greater Advantages they will be able to make in the Purchase of Lands, when their Credit shall be so good (and he supposes 'tis so already) that the Rent of the Lands shall be sufficient to support the Credit circulating, wherewith they were purchas'd, that is, shall be sufficient to convert it into Money as fast as it shall be demanded, 'till on the Land brings in more Money; and so on every Year 'till it has paid off the whole Purchase; and then these Lands will cost nothing but Paper. O rare! Now if this Supposition be right, I would advise all the governed Members of the *Bank*, to look after their Governors, for, at this rate, they may reckon themselves horridly cheated, if they do not divide at least *Cent. per Cent.* Profits every Year. But I'll desire him to let me state the Supposition another way, and suppose that the *Bank* had a mind to buy as much Land as would bring them in *100 l. per Annum* clear, which, as the Taxes now are, must be Lett to the Tenant for at least *125 l. per Annum*; and this, at the common rate of Purchasing, comes to *2500 l.* The Seller tells them, that tho' he has occasion to sell his Land, yet he has no manner of occasion for the Money, and knows not what to do with it if he should receive it, and therefore desires

sires them give to him 25 of their Hundred Pound Notes for it : Now, if he can suppose also that this Land-Seller will keep these Notes by him to look upon, or that he will drop them out so leisurely, or they may probably fall into such careless Hands, as that no more than one Note in a Year will come to demand Payment for 25 Years together ; I will freely confess that he goes beyond me in Supposition by above Twenty five to One, and I'll never undertake to suppose with him again ; and yet I can tell him of one that has outdone him at it, and that is a certain Gentleman , who suppos'd that Lands settled to pay 100*l.* *per Annum* clear, for 100 Years , would be a sufficient Fund to issue out 10000*l.* in a kind of *Land Bank Bills*, because 'twas certain that by sinking one Bill every Year, they would all be paid off at the End of the Hundred Years I hope the Reader will pardon the Digression, since I thought it no ill way of exposing one extravagant Notion, by matching it with another of the same sort.

I have insisted the longer on this First Chapter, that I might give my Reader a clear an Idea of this Gentleman's way of Reasoning, and so just a View of the re-

Conveniences of the *Bank*, as that I may shorten my Work for the Future, by having less occasion to recite or repeat. I come now to the Second Chapter, and his Arguing there runs after this manner ; that *The Parliament thought it necessary to restrain* ^{Page 18.} *the Bank from Trading*, that they might not undo all other Traders by monopolizing Commodities : That yet *They may easily evade the Force of this Act*, or any others that are likely to be made ; and of this he pretends to give Three Instances in what manner the *Bank* may Trade. First, by *Giving* ^{Page 19.} *Commission in general Terms to one or more of the Directors*, to dispose of a round Sum of Money or Credit, (which our Author is very careful to distinguish) in Trade, for which he may account with the *Bank* in Terms as general as the Commission, &c. But before I go any further, I must here put him in mind that he calls himself a Merchant, and therefore should not talk at this rate, because he ought to know, that a *Bank* as well as a Merchant, must always keep Books wherein all their Transactions are register'd ; so that in such an Affair as this, the Order must be enter'd *verbatim* in the Copy-Book of Letters and Orders, the Money paid must be charg'd in the Cash-Book, from thence it must be transferr'd

into the Journal, and at last it will be brought into the Leager, where it must stand recorded under a fair Title, declaring to whom it is entrusted, and to what use it is to be employ'd ; under the same Title also Credit must be given for every particular Sum as it is brought in upon the Return ; And, lastly, what Profit is made, must be carry'd away from thence again, and enter'd on the Creditor-Side of the General Account of Profit and Loss upon the whole Management, from whence all the Members take their Dividend, and no one ought to be deny'd the Satisfaction of examining or taking Copy, if they desire it : And thus, let the Terms of the Commission be ever so dark, the Article of Profit at least must stand in the light. Let every Man of Sense now judge of the Frivolousness of this Suggestion, and see if he can find it to any more purpose, than if he should have told us, that it is possible for every Man to rob that has liberty to travail the Road, which tho' we shou'd easily grant him, yet we should still believe that there were a great many honest Men that never would attempt it, but that he were the greatest Fool in Nature who would practise it, when he knew that it was in the Power of above 2000 People to

to discover him, and that he could not hide himself from being found every Hour in the Day.

His next Instance is, that *They may lend* Page 20.
the Bank-Stock to one another, and so Trade in
their private Capacities. Altho' I know
nothing of the Rules of the *Bank*, yet, I
believe, I may venture to say, that the Di-
rectors will hardly lend more to any Mem-
bers than the Amount of their respective
Interests in the Stock, and if the Directors
should refuse them, they may sell that every
Day upon the *Exchange*, to raise Money
when they want it, and buy again when
they please: But of this we may be cer-
tain, that the *Bank* will lend no Member
Money but according to the Opinion they
have of his Ability; and Men of current
Reputation may borrow of others as well
as of them: so that this kind of Trading
will always be the same if there be no
Bank.

Thirdly, *As the Bank has a Power to* Page 21.
discount Bills of Exchange; such of the Di-
rectors as are Merchants, may get (Sham)
Bills of Exchange drawn, and have them
discounted at the Bank; and so get a Power
of Money into their Hands, and fall a mo-

nopolizing as hard as they can drive. This Gentleman must be but a young Merchant, if he does not know, that Men who accept one another's Notes, who draw and re-draw, (as 'tis call'd) and who turn themselves on a sudden to deal in *Bills of Exchange* above their Size, crack their Credit as soon as ever 'tis observ'd; and it could never pass long undiscern'd, if all their Bills must be circulated thro' the *Bank*. But this is sufficiently answer'd in the foregoing, the *Bank* will never discount any one Man's Bills for a greater Sum than what they would as soon lend him in Money upon the Opinion of his Ability. Besides, if the Directors who are Merchants should combine to countenance one another in any indirect Practices, (which is odious to suggest) the Gentlemen among them who are no Traders, will shew themselves very unfit for the Trust they were chosen to, if they do not soon discover them and spoil their Sport. And now, after he has said so much to frighten us about Monopolies, and how *they injure not only other Merchants*, (which is a Mistake, for they get by the rising of the Commodity) *but by making the Commodity dearer, reach to all the Consumers of it*; (but that is true, for they are the only Persons affected

fected by it;) He does not pretend that it is practis'd by the *Bank* in any of these Ways, only says, *'tis possible, if not probable, it may be so*: A very disingenuous Insinuation, when their Enemies could never yet find a just Occasion to fix any such Suspicion upon them. I do however agree with him, that they ought for ever to be restrain'd from this way of dealing under the strictest Penalties; and I doubt not but themselves are as ready to submit to it.

The Gentleman's next Consideration is, *Whether the notorious Failure of so many Merchants, and the great Decay of all personal and private Credit, within these few Tears (wherein the Bank's Credit has been constantly gaming) can be accounted for so well, by any other Cause or Supposition, as by these now advanc'd.* Now if what I have already said be sufficient to satisfy all impartial People, that all the Causes and Suppositions which he has insinuated (without giving the least proof of Fact) are meer imaginary Suggestions; I need take no more notice of this or the three following Paragraphs, wherein he would perswade us, that *'tis not possible for Authority to lay any Restrictions on the Bank, to binder them from Trading and Monopolizing, which will not be liable to very easie*

easy and practicable Evasions; than just to tell him that 'tis all *gratis dictum*; and that how difficult soever it may be to prevent the clandestine Practices of private Men; yet publick Managements, which must always be oblig'd to keep Books subject to the Inspection of so many Proprietors and Servants, can never propose to conceal any unlawful Transactions.

But I should wonder that a Man of this Author's fruitful Invention could think on no other Causes and Suppositions than those which he has advanc'd, to account for so many notorious Failures; if I did not consider that his Task is only to clamour against the *Bank*, and in such kind of Declamations amusing the Readers, and giving them that which is not the Cause for the Cause, is more to the purpose than rational Arguments and plain Truth; otherwise he could not have miss'd of a much better account for the Causes of those Miscarriages; such as the Luxury and Excess of the Age, Mens affecting to live above their Degree and Ability in Houses, Horses, Coaches, Apparel, Eating, and Drinking, and other needless Expences; nor should I omit Gaming, too much in fashion among Citizens; for the supporting whereof, they strive

strive to extend their Trades beyond their Stock, strain their Credit, and when they fall into Necessities they are many times forc'd both to buy and sell to Loss: and these are visible and real Causes of so many Failures, and worthy the Consideration of the Government to find out some suitable Remedies, whereby People might be in some manner compell'd to reassume the old frugal, parsimonious, Citizen-like manner of living, and a more close and industrious way of Trading; such as Sumptuary Laws, Taxing or Polling People according to their way of Living and the Figure they make in the World, streightning private and personal Credit, and rendring it as difficult as may be, by giving Creditors more Power over the Estates of their Debtors, (but less over their Persons) which would by degrees tend to the bringing Trade into better methods of Management: for I am in this also of the Opinion quite contrary to this Author, as believing that the too much dealing upon Credit hath been very injurious to the Trade of this Nation: and lastly, in regard of People's Failing, enacting that such who can give a justifiable (if I may so call it) Account of their Losses, shall be very favourably us'd; but when it shall appear that Men have run out by extravagant

travagant Courses, and can give no good Account of their Affairs, such may be subjected to exemplary Punishments: And if herein I have given any Hints worth observing, I hope the Reader will pardon the Digression.

Page 24. Our Author is, it seems, resolv'd not to let the *Bank* go off so easily about their Privilege to purchase Lands, but he'll have t'other Fling at them first; and tho' he says that *it may be true that they have not yet purchas'd one Foot*, no matter for that, *i must not be inferr'd from thence that they never will, tho' perhaps the proper Season is not yet come; that seems to be one of the last thing for them to do, &c.* And I am clearly of his mind in that; and if I were worthy to advise the *Bank*, they should make him easi in this matter, and e'en drop this Privileg for good and all, because, as he well says *they have hitherto had (and 'tis like ever will have) more profitable ways of disposing of their Money*: for tho' they might have it in their view not to want power to purchase a Hou or any such like Conveniency, yet I dare say they never intended to make a Trade on the proper Business of a *Bank* being to keep their Stock within their reach, to employ it in nothing but what is likely to make short Returns.

Returns, or what they can upon all occasions turn into Cash, as Bullion and Tallies, or the like; but in dealing for large Sums upon Lands or long Securities, the Length or Uncertainty of the Return (besides the hazard of Titles, &c.) might possibly subject them to such Necessities, that they might be forc'd to borrow Money at higher Interest than the Income of the Lands for preserving the Credit of their circulating Bills, which must be kept up to a touch, and manag'd with all the Exactness possible, or else like a Spring-Lock, if it be not well oyl'd and constantly us'd, it will grow rusty, stiff, and lose its Function.

But how vain does this Gentleman talk of *the Bank's being likely to become in time almost the only Purchaser of Lands*? When all the Stock (except their Money in the hands of the Government) and all the Credit they have is not sufficient to buy all the Lands that are sold in *England* but in one Year; and then to be sure they must leave off dealing for the next. Would he have us expect that bad times will hold for ever, and that it shall come to pass that there shall be no thriving or saving Men in *England* that will look out for Purchases as well as the *Bank*? And yet from this airy Imagination he raises a Conclusion, with as much Confidence as

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if he verily believ'd it would be so, that *he that is the only Purchaser may reduce the Price as low as he pleases.* Look about ye, O ye *Landed-men of England!* *This is what seems to call for your very serious and timely Consideration.* But I must, before I leave this point, beg him to inform me a little better in one or two things: How he means, that when the Bank shall look out sharp (besides all other casual Purchasers which 'tis like will always be as many as they are now) to buy all the Land they can lay their hands on, that this must needs reduce the Price of Lands more than ever was known? And what hidden Motive it must be that shall induce the People of the *Bank* to withdraw their Money out of *Trade*, where they get more and pay no manner of *Taxes*, to lay it out in *Land*, which, as he says in *Pag. 13.* seldom produces *4 per Cent.* where they must also pay the *Taxes* as well as their *Neighbours?* How clear soever these things may appear to him, to me I confess they will be *Paradoxes* till he is pleased to explain them.

But now comes the worst of all: The 3d Chapter forebodes no less than the *Ruin and Subversion of our valuable Constitution*, if this dangerous formidable *Bank* should be

be prolong'd: And upon this he bestows abundance of Eloquence, but as little Reasoning as in what has been handled already. Well, let us see how he believes this may be brought about: Why, first, by the Bank's ^{Page 27.} *being the great Lender to the Government upon all occasions*; a notable way this to ruin it. But read on, and you'll see presently how he makes it out. *And indeed this may very well be collected from what has been already said* (if you can believe it) concerning the Bank's power of extending so good a Credit, and the many ways it has of compassing such vast Profits; and lastly, the great Success it has already had in these respects. And it will fol- ^{Page 28.} low from hence, that the Bank will be, in a short time, not only the Great, but the Only Lender to the Government: I mean, none else will be able to supply the Government with such large Sums as it has frequently wanted before the Funds upon which these Sums were to be raised cou'd come in. I have here transcrib'd the whole Strength of his Argument *verbatim*; but my Remarks upon it shall be as short as possible. First, The Credit of the Bank being voluntary and precarious can never be extended to such a formidable immensity as he here imagines, Goldsmiths and other Money-dealers do and will continue to traffick in the same way of businels

as well as the *Bank*, and the Publick will fare the better, for their being a Check on one another. *Secondly*, Neither are their Profits so vast, as appears by their Dividends. *Thirdly*, They can never become this overgrown Engrosser of Wealth, this mighty Only Lender, even according to the Author's own Notions of the matter, but by the Accumulation of their Profits for some few Years at least, which their Constitution can't admit, because they must divide their Profits every Year; so that they can never grow bigger than we see them at present: and this destroys at once all that frightful Idea of their dangerous Power, which he has already or does hereafter bestow upon them.

But what's all this to the Prolongation of the *Bank*? They must (if we don't break through the Sanction of the 2 Acts of Parliament) continue what they are already for almost 5 Years more, and 'tis to be hop'd that before that time (for sure he would not have us expect that the War should last so long) the Government will have done borrowing such great Sums of Money, and then we need not fear the *Bank's* being able to distress them so many ways as he has invented, *by insisting on extravagant Interest for,*

by delaying or absolutely refusing to lend, &c.
 Nor, in the mean time, have we any great reason to doubt of the Government's being able to subsist if the *Bank* should grow moody, and be content to forego the Gain they make by Lending their Money, whilst we remain under so wise, so just, and so good an Administration, as has been able to raise the Publick Credit from a much lower state to that height of Reputation, that People crowd and strive to fill our Funds.

But (says he) *The Bank's with-holding their Money or Credit from the Government, is not the only Case wherein it may nearly affect us in our Constitution; for the Power of that Stock may be too easily employ'd another way, even to the Destruction of the Government.* I will not go so far in supposing, as to say, that this collected Treasure of the Kingdom will ever be made use of against the Government in a rebellious manner.

Well have you said, Sir, and I am of your Mind, that a Corporation of above 2200 People (as you say these are) will never trust one another to carry on a rebellious Plot. But what can be a more disingenuous and extravagant Strain, than to insinuate that the *Bank* is the collected Treasure of the Kingdom? I believe the Goldsmiths

smiths in *Lombard-street* only, would think themselves affronted by any one who should question whether they were able to muster up as much *Cash* as the *Bank* every day in the Week, and yet there are a great many more Goldsmiths and Money-Scriveners, besides Merchants and other Traders, about the Town, who keep *Cash* by them; there is also the Treasury call'd the *Exchequer*, and there are a pretty many Cities and good Trading Towns, and all the People great and small that live in 52 Counties: Now, when all these Persons and Places shall agree to keep no Money in their Pockets, but bring it all into the *Bank of England*, it may well deserve the Title of the Collected Treasure of the Nation; but as Things stand at present, I believe, I may be thought more in the right than the Author, to say, that the *Cash* of the *Bank* can bear but a small Proportion to the whole. Well, if he will but give me leave for once to turn his own Argument upon him, I'll put it thus; If the *Bank of England* neither is, nor is ever like to be the collected Treasure of this Kingdom, then our Government is in no danger of being destroy'd by it, as such. But the *Bank of England* neither is, nor is ever like to be, the collected Treasure of this Kingdom;

dom; therefore the Government cannot be in any danger of being destroy'd by it (from that Causè.)

Well, but for all this, our Author's still resolv'd to make Plotters of 'em, for tho' they may not do it by meditating a Rebellion, he'll show us *by what Means the Business may be done by Law, and in a Parliamentary Method.* The Government of the Bank being in Twenty six Persons, and there not not being above Seventy qualify'd to be chosen into it, there may some time or other (no doubt) be so large a Majority of those who are capable of being chosen, as to make it very likely there will be a good Majority of those chosen, (I give his own Words, tho', I confess, I don't understand the Sense of 'em here) who being disaffected, some out of Principle, others for different Reasons, may possibly think our Constitution stands in need of Alteration. And then it will be natural for them to enter upon Contrivances, (now the Plot begins to work) and come to Resolutions, how to bring about the desir'd Change. Is this solid Arguing, to tell us, some time or other, may be, no doubt, very likely? May I not as wisely answer it with Perhaps never, it may be not, I doubt it, 'tis very unlikely.

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Page 31. He goes on ; I say, it will be natural, because they know the Means are in their Hands, which are, a great Stock of Money, and an unbounded Credit, with a Power in themselves to apply it as they shall think fit, which Power they undoubtedly have, however they may be thought, by some, liable to be censur'd or dismiss'd by a General Court, upon detecting (which is no easy Matter) such Male-Administration. But, I say, it may be easily detected, and they must have such a Power of Dismission for Male-Administration, or else they are in a pitiful case.

But he gives an Instance out of an Author, who says, *That the Directors, upon a pressing Occasion of the King, had stretch'd their Credit to a degree that could not consist with any measure of Prudence, or beyond what, in his Opinion, they could answer to their Members, had it been for any less Occasion than the Preservation of the Kingdom.* And the Use our Author makes of this, is to infer, that the Directors have a Power to dispose of the Money, and extend the Credit of the Society, as they shall think fit. And that as they once stretch'd it to serve the Government, they may as possibly, at another time, exert it to distress or subvert the Government. Will not

not all Men admit, that upon Occasions of extream Necessity, even a positive Law may be dispens'd with for the sake of an Apparent and Publick Good, tho' never to do Evil? And is not this a very charitable Inference, that because the Directors did once stretch their Credit beyond what might be prudent, (not beyond what was lawful for them) to save the Government, for which they merited Applause; that therefore they would at another time exert their Power to subvert the Government, for which they would well merit, and incur the Hazard, to be hang'd? But when a Man's Task is to calumniate, and he wants Argument, he can't forget the old Rule, to throw Dirt enough, that some may stick.

Well, he has brought *the Means to be manifestly in their Hands*; *the next thing to be considered, is how to apply them*. And now, after an abundance of refining to bring it to this length, out it comes. *A constant and large Majority of 513 is the way; how to compass that, is the Business*. It cannot be deny'd, that there have been frequent Attempts upon those Places where that Majority lies; and 'tis well known how powerful the said Means are in the said Places. Me thinks, he might as well have told us at

once, without racking us for Eight or Nine Pages before and after, with his Possibilities, and Probabilities, and wire-drawn Inferences, that his Meaning was, in plain *English*, That the *Bank* would never leave contriving how to bribe so many of the Places which chuse Representatives, till they had, by *Triennial Steps*, procur'd so many Members of their own, or such as would always vote what they had a mind to have them, as that they would have a constant Majority of the *House of Commons* at their Devotion, and then 'twill be natural for them to come to Resolutions how to alter and change the Constitution ; and it will be in their Power to distress or subvert the Government.

But now, Sir, supposing, like you, that such a thing were possible, why must it follow that nothing less than altering the Constitution, and subverting the Government, would be the Aim of the *Bank*, the Members whereof consist, generally speaking, of the most abounding and wealthy People of the Nation, and such have, in all Times, appear'd to be the greatest Lovers and Exerters of Liberty and Property ; so, Sir, it is much more reasonable to expect that the Majority of the Directors of the *Bank* (since they

they will ever be chosen by Balot) will be, as they have always hitherto been, Men of your own Profession, for no other Cause, but Page 49. that of our most Excellent Queen, the Succession happily Establish'd in the Protestant Line, and the ancient and invaluable Freedom of the Parliament of England ; and then you need never fear their endeavouring to subvert our Constitution.

But this is not Security enough, as it seems, in this Gentleman's Opinion, *They will know that they have a great Stock of Money, and (which is not true) an unbounded Credit, and therefore they will naturally do it, if we suffer 'em to continue.* What if we should illustrate this a little, by applying it Personally : I meet a lusty Fellow on the Road that I am sure is strong enough to kill me, and he knows his own Strength well enough, and therefore 'tis but natural for him to resolve to do it, if not just now, yet at one time or other ; and tho' indeed I know nothing of his Will or Intention to hurt me, yet since it is possible that he may do it, and that it is a Matter of the highest Consequence to me, I ought in Prudence to knock him on the Head presently, by way of Prevention. Let us see also how it will fit, as apply'd to a Society. The City of

London is a mighty, rich, and populous Body of People, who are all Govern'd by a Lord Mayor, Twenty four Aldermen, and 208 of the Common-Council; now, 'tis but to get a Majority of one Party into this Government, and if they should fall a plotting and contriving, and No body will tell Tales, for several Years together, there is a Possibility, and more than a bare Possibility, that, upon some Popular Pretences, they might get together 100000 bold Fellows well arm'd, in and about London, in less than 24 Hours time; and with these they might surprize the Government of the Kingdom, and turn our Constitution which way they pleas'd: And since, according to our Author's Opinion, that *in Things of the greatest Moment, the least Fears will affect Wise Men, and we are not to trust even bare Possibilities, though very remote;* we ought therefore to look to our selves in time, begin first with this dangerous City, take away their Charter, and dissolve their Government, tho' we can say nothing to the contrary but that they have hitherto behav'd themselves with the utmost Loyalty, and upon all Occasions express'd a hearty Zeal for our Constitution. Again, Why does he not prophesy to us of the same Dangers, and Possibilities of Danger, from the *East-India*

India Company also ? whose Fund (according to the Price of Stocks) is thrice as valuable as that of the *Bank*, and, consequently, they must have a greater Power to do us Mischief ; and, as all his Arguments against the *Bank*, in regard of this Danger, may be as applicable to this *Company* as to them, his laying it so hard upon the former alone, shews him indeed to be an *officious, or a partial Writer*, (notwithstanding his giving us his own good Word to the contrary, in the Conclusion) and that his chief Concern is not really for our Constitution, but against the *Bank*. But as I never yet heard of any Publick Society's Plotting, Contriving or laying Designs against the Government, I believe we may safely lay by our Fears of either of them on that account, and confidently rely on the over-ruling Power and Providence of God, who hath often wonderfully preserv'd our Constitution against apparent Attempts upon it, and who is able to discover all the hidden Works of Darkness in due time ; and, for us, it will be time enough to provide against Dangers, when we see something real in them, and never to terrify our selves about imaginary Possibilities. And I should think that this Gentleman himself might be made very easy,

easy, if he would but consider what I told him once before, that exact Books must be kept of all their Publick (as well as Private) Managements, and if the Directors should ever issue any Money to be employ'd to such *vile Ends* (as he justly terms them) they must either pay it out of their own Pockets (which he can't suspect they will be guilty of) or they must charge them to the general Account of the Society, that they may be deducted out of the Profits before a Dividend be made; and if he yet questions whether that may not be done without a Possibility of Discovery, there are certain Gentlemen yet living, who can tell them what they suffer'd for disposing of large Sums for the Benefit of the Company that had appointed them as a secret Committee for some clandestine Managements, and yet when some of the Members would not allow of their Charge in gross, but requir'd to have an Account of the particular Disbursement, upon refusing the same, a Complaint thereof was brought into Parliament, and the Accused were proceeded against in such a manner, as will always remain a sufficient Caution to those who shall undertake Publick Trusts, never to hazard their own Persons and Estates in such dangerous Negotiations;

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especially, when they shall consider, that the Punishment which they may incur will be all for their own Account, and that their Share of Advantages can be but small in regard of the whole.

The Gentleman lavishes abundance of Rhetorick more upon this Head, but with so little Reasoning, that, I think, what I have said already may stand for Answer to it all, without troubling my self or the Reader with Repetitions of his many false Conclusions, drawn from Positions of his own, wherein he is evidently mistaken, and which have been sufficiently refuted. I shall therefore pass over the rest with only hinting at two or three Things: As, his saying *he* ^{Page 33.} finds it among the Privileges of the Bank, that any of the numerous Company of the Members (not otherwise unqualify'd) may be of the aforesaid Number of 513. What a way of Expression is here? to tell us that they are privileg'd to be, when what he means can be no other, than that they are not restrain'd from being Parliament-Men; but are they privileg'd to it for being of the Bank, any more than He or I, or all the rest of the Free-born People of *England*, if we are qualify'd, and can procure our selves to be elected? What he talks about *Voting* ^{Page 34.} *for* ^{38.}

for a Party, and of laying a Foundation for perpetual Change and Revolution, is as frivolous as the rest, if the *Bank* is in no Capacity of procuring any Members to be elected to Parliament; and, I think, I have fairly clear'd up that Point: And as to any Gentlemen's being chosen who are concern'd in the *Bank-Stock*, that must arise from their own particular Interest; for I'll engage there shall never stand such an Article upon any of the *Bank* Accounts, as, *Item, Paid A. B. for procuring C. D. to be elected Parliament-Man for the Borough of E.*

Page 36. And since he duns us again with the Insignificancy (as he thinks) of Restrictions, I'll presume to propose but two or three more, (which, I believe, the *Bank* will readily submit to) together with so strong an Injunction for the strict Observation of them, that, I hope, will ease him of all his Fears.

First, That they shall never lend or discount *Bills of Exchange* to any one Member or Members jointly or severally upon his or their own Personal Security, to a greater Value than his or their respective Principal Stock in the *Bank*.

2dly. That they shall never be possess'd of Lands, to the Value of above 20000*l.* first Cost, at one time. 3dly.

Thirdly, That they shall make up a general Account of their whole Charge and Gains, and distribute a Dividend of their clear Profits to the Members once every Year: and shall deliver a Copy of such Account to the Lord Treasurer, or Commissioners of the Treasury for the time being, who shall have Power, either by himself, or any fit Person whom he shall appoint, to view their original Books, and examine all the Particulars of any Articles he shall desire Satisfaction in.

And forasmuch as all their Managements are directed by the Appointment of the Directors for the time being; If at any time any Orders shall be given for the transacting any Business, or doing any thing in breach of the Restrictions to which the Act of Parliament has obliged them, or to any unlawful purpose whatsoever; all the Directors who shall be present at the time of giving such Order, excepting only such of them as shall enter their Protest against it, shall forfeit their whole Stock in the *Bank*, of which they stand at that time possess'd; one half to the use of Her Majesty, and the other half to the first Discoverer.

Page 40.

Our Author, in his 4th Chapter, endeavours to lessen the Merits of the *Bank*; and his first Topick is, that *the 8 per Cent. Interest has been Reward enough and enough for their Services*; for *it has been calculated that the said Fund of Interest alone wou'd, in 19 Years, pay them Principal and Interest, with Interest upon Interest, at the rate of 5 per Cent. and all the 1,200,000 l. still due to them from the Government.* Can he think the Subscribers did not well know that *8 per Cent. Interest was better than 5*? And 'twas for that very end that they lent their Money, that they might gain all the Encrease that would naturally arise from its Improvement. Did he never hear of Men that have begun the World with less than 100 l. and yet perhaps by their Industry and Success in Trade have gotten 10000 l. in less than 19 Years time? But these Men of Calculations would have People live upon the Air, they make all Income and Profit, and allow nothing for Maintenance and Expence. Suppose a Widow had but 500 l. in the World to maintain her self and 3 or 4 Children, and knew no better way of Improving it than by putting it into the *Bank*; she and her Children must live very poorly if the Profits arise to no more than the bare

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8 per Cent. Again; And at the same rate of 5 per Cent. it has been farther calculated, that if they continue a Bank on this foot for 60 Years, the Government must pay them what with the same Interest will produce near 14 Millions over and above the first Principal and Interest, with Interest upon Interest. So that even the 8 per Cent. has been complain'd of by Page 41. some as too great a Reward. If he had calculated it for 60 Years more, what a swinging Sum 'twould have been? What Triflings and Amusements are these? fit to entertain School-boys, but not to be offer'd to Men who understand the World, and know that tho' progressive Profits swell to an Immensity, yet they will serve for nothing in Argument, more than to shew the Excellency of Industry: However, since the Gentleman has thought it so well worth his while to deal in Calculations, I'll pray him to make one Calculation more on t'other side, and tell me, if the *Bank's* Lending the Government 1,200,000 *l.* together with their later Subscription, did lower the Discount upon Tallies, and all other National Credit, and bring them from 20, 30, 40, 50 per Cent. to Par, how many Millions (for he must allow me more than 2 or 3) the Nation has already sav'd (which is the same thing as getting) by it? And then let him

if he please, for his own Satisfaction, continue on his Calculation, and see what the Interest, with Interest upon Interest at 5 per Cent. of those Millions sav'd, would amount to in the same 60 Years.

Page 43.

The rest of this Chapter consists chiefly in Reiterations, and arguing from such Mistakes as have been handled already; and I observe nothing new in it besides his pretending to tell us what Offers the *Bank* are like to make for the obtaining their desired Prolongation: and these he thinks *will be either a Loan of a Million, without Interest for the time of the desired Prolongation, (I can't believe it, and I wonder how he should entertain such a thought of their Generosity, or else they will lower the present Interest so much, that on the Fund of the Surplus near a Million may be rais'd.* So he goes on to combat these suppos'd Offers very strenuously; but if it should happen that such Offers should never be made, he had been as good have sav'd his Labour, as I will mine from busying my self about what may never be. And as to his Hint, that Methods may be found out whereby the Government may freely exert its own Credit, and thereby be rescued from all precarious Dependencies; his Thoughts on that Subject may be better employ'd

employ'd than on this, for ought I know: but till I see what he has to offer on that Head, I can say nothing of it.

I am at length arriv'd at the Author's Conclusion, to my great Satisfaction to have done with an unpleasing Toil that has sufficiently wearied me; and therefore I shall hasten to Conclude likewise, without making any Comment upon the Merit he be-speaks himself, for having dealt in an Affair which has lain so much out of the way of Page 48. some, and been so overlook'd by others, that it has scarce been duly search'd into by any. To me indeed his Performance look'd like a studied Invective, compos'd of disingenuous Insinuations, fallacious Reasonings, and presumptuous Conclusions; calculated to serve the Interest of such who are Rivals in the same way of business, and wou'd be very well pleas'd to see any thing remov'd which they believe stands in the way of their private Gain, and written with Design to create an ill Opinion, and perswade the Discontinuance of an Establishment highly conducive to the Publick Good: and therefore I have found it not so natural to treat such kind of Discourses with the same respect and smoothness which is due to controversial Writings fairly handled; however, I hope

I hope the Gentleman will not find the least Indecency of Expression, or personal Reflection, which I do assure him is far from my Thoughts: His good Parts and liberal Education, which manifestly appear by his handsome Language, ready Elocution, and Fluency of Thought, command a due regard even from those who may be Adversaries to his Performance. For my Self, I can truly say, that I had no other end in meddling with this matter, but as it has fall'n in my way to be better acquainted with Notions of this sort than Gentlemen much above my Sphere in other kinds of Knowledge, I thought I might be instrumental to undeceive such who having less discerning in Merchantil Affairs, might possibly be impos'd upon by so artful a Discourse, and such specious Pretences, to concern themselves in opposing the Continuance of a Publick Benefit, under the Misrepresentation of a dangerous Evil. And as to the Gentlemen whose just Cause I have endeavoured to defend, far from engaging me in it, (for I believe they look'd upon the Traduction to be beneath their notice) not one of them knows any thing of my undertaking it; and I again am so far from bespeaking their regard for what I have been able to do in it, that I tell them plainly

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(though not for want of any due respect for them) that I did it not for their sakes, but for the sake of Truth, and of the Publick, which I take to be very much interested in their Prosperity ; for the more their Credit and Gains encrease, the better they will be able to serve the Nation with Loans, and the Traders with Discounts, at low Interest : and as they have hitherto seem'd to aim at no more than the contenting themselves with moderate Profits, if they shall continue to act upon the same Principle, they will establish their own Reputation in the good Opinion of the whole Kingdom, be look'd upon as a perpetual Standard against Extortion and Oppression, and become an Example and Encouragement to other Trading Cities in this Nation to set up the same kind of *Banks* among themselves in time.

I have likewise seen three or four more Pamphlets against the *Bank*, (one of which, call'd *A View of the apparent Danger and Mischief from the Bank of England*, by the Similitude of its Air and Arguments, seems to come from the same Hand with this before me) but as I have found nothing observable in them which is not sufficiently answer'd in the foregoing, I shall let them pass without farther notice.

APPEN-

APPENDIX.

Being unwilling to interrupt the foregoing Discourse by too many Diversions, I chose rather to add, by way of *Appendix*, three several Discourses, upon *Banks*, upon Credit, and upon Plenty and Scarcity of Money: Wherein, if I shall discover some Notions different from the common Opinion touching these Matters, let it be observ'd that they are offered only by way of *Essay*; and if they shall afford any useful Hints, they are freely submitted to be rectify'd by Men of stronger Judgments in whatever they shall find amiss, that so through such Dissertations, the World may come to be the better inform'd in whatsoever may so essentially concern the Welfare of Trade.

Of Banks.

It cannot be doubted but that the Beginning of Traffick was by Exchanging one Commodity for another, as Men could best suit each others occasions.

But this being attended with great Inconveniencies because of Mens different Requi-

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rings in respect of Quantity and Quality, Money was instituted as the most convenient Medium for Commerce, whereby People might procure whatsoever they stood in need of in Quantities suitable to their Occasions.

And this chang'd the Term of Bartering into that of Buying and Selling; and yet in effect all Trading results at last in no other than a general Barter: For he that sells any thing to receive Money for it, buys again such things as he wants with the same Money: so that in this way also, it amounts but to an Exchange, thro' the Intermediation of Money.

Money then becoming the principal Engine for circulating the whole Bulk of Commerce; our present Design leads us to consider its Application to Trade in a twofold manner.

First, As it is us'd in the minuter kind of Dealing, or Retailing, when it is commuted for all kinds of Labour, and to furnish the necessary Provisions for daily Use. And this requires its being divided into the smallest Denominations of the Species, as (with us) into Shillings and Pence: So that this way of Business is not capable of being transacted by Bills or Assignments.

Secondly,

Secondly, As it is employ'd in the more extensive and wholesale way of Trading, wherein large Sums are transacted ; and this occasions frequent Payments from one Trader to another.

In which Payments, altho' strictly Money be requir'd as often as Contracts are made, yet as Commerce in general consists in the mutual Negotiations of many Traders, it may often so fall out by means of interchangeable Debts and Credits, that several Traders may satisfy each other's Demands, without making any Payments in Specie, only by transferring their Debts to each other : And from hence came that useful Accommodation in Trade, of giving Bills and Assignments, which is commonly call'd Paper Credit. For the clearer understanding whereof, we may give the following Instance of the mutual Dependencies of Trade.

The *Turkey Merchant* buys Cloth of the *Clothier* ; the *Clothier* buys Wool of the *Spanish Merchant* ; the *Spanish Merchant* buys Sugar and Ginger of the *West-India Merchant* ; the *West-India Merchant* buys Stuffs and Silks of the *Mercer* ; the *Mercer* buys Wrought Silks of the *Silk-Weaver* ;

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and the Silk-Weaver buys Silk of the *Turkey Merchant*; and each of these deal to the Value of 100*l.* or upwards. The *Turkey Merchant* then gives the Clothier a Bill for 100*l.* on the Silk-Weaver; the Clothier gives the same Bill in Payment to the *Spaniſh Merchant*; He gives it to the *West-India Merchant*; He again gives it to the Mercer; and, laſtly, the Mercer delivers up the Bill to the Silk-Weaver, in Discharge of ſo much of his Debt to him: And thus Six Traders are all ſatisfy'd their reſpective Debts, without the actual Payment of any Money. Which likewiſe illuſtrates the former Notion, That Trade is but a general Barter.

But when ſuch mutual Conveniencies do not occur, Traders usually receive their Money in Specie, and ſo pay it from one to another.

Yet this way of Payment is attended with many Inconveniences, as Trouble in counting the Money, Hazard in ſecuring it from the Attempts of Thieves, and Loss from truſting it with unfaithful Servants; for the preventing of all which, Cities of great Trade have introduc'd the Use of *Banks.*

A *Bank*

A *Bank* then may properly be defin'd to be a common Repository, where many Persons agree to keep their Cash, to be always ready at their Call or Direction.

We are farther to consider, that there are *Banks* of divers kinds, and of different Constitutions.

Some are instituted wholly on the Publick Account, and put under the Direction of the Magistrates, who are obliged to take care of the Management, so as that the Money or Bullion deposited in it, shall always be kept for the Use of the Proprietors, and shall never be lett out for Profit or Advantage; of this kind is the famous *Bank of Amsterdam*; which is administer'd with so great a Strictness, that it is said, a Magistrate, who was in the Direction, was sentenc'd to Death, for the making use of a Sum of Money but for one Day, tho' he paid it in again the next: Wherefore the whole Proprietors are so sure that their Money lies always ready to answer their Demands, that they seldom take out any large Sums, but make their mutual Payments, by transferring the Sums from one Man's Account to another: And from this

this great Security, Ease, and Convenience, it is come to pass, that Payments made by Assignments on this *Bank*, are valued about 1 per Cent. above the Payment of Money in Specie.

A Second sort of *Banks*, are such as consist of a Company of Money'd Men, agreeing together to lay in a considerable Fund or Joynt-Stock, to be employ'd for the Profit and Advantage of the Whole Society, in all those Ways of Dealing which are proper for such an Undertaking, as borrowing upon their own Credit, and lending Money upon Securities; buying and selling of Bullion or Jewels; drawing and remitting by Exchange; discounting *Bills of Exchange*, or other secure Debts; receiving and paying the Cash of other Traders, &c. of which kind is the *Bank of England*.

A Third sort is the *Banks* of Private Men, or Partnerships, who deal in the same way as the former, upon their own single Stock or Credit; and such are the *Lombard-street* or other *Bankers*, as they are call'd.

As to the First, 'Tis certain that nothing can be so infallibly safe, as where the Value

lue is always kept ready in Specie ; and here also the Ease and Security of the Traders are effectually provided for in the Receipts and Payments of their Money : But yet this kind of *Bank* is so much the less useful to the Publick, for that it can neither be helpful to the Government, nor to Traders, in lending Money.

The Security of the Second sort consists in the certain Knowledge of its Fund or Stock, and the Fidelity of its Management ; wherein it is always the Interest of the Concern'd, to give the World the utmost Satisfaction : And in this the *Bank of England* must be secure beyond all doubt or question, as well by reason of the vast Sum they have lent the Government upon a Parliamentary Security, sufficient always to keep them above all Suspicion of Failing, as from their known careful and profitable Management, and likewise that, as an incorporated Body, they are not, like Private Men, subject to Death : And as this kind has all the other Conveniences of the former, it has also this beyond it, that its Capacity of lending Money is an invaluable Accommodation to the Publick, as it will always tend to the lowering, and keeping low, of Interest and Præmio's, but never to the raising them. The

The nature of the Third sort is, in all respects, the same with the Second, but much short of it in point of Security, because the Ability and Honesty of Private Men in Trade, are Things whereof the Publick can have no certain Assurance, being only founded upon Opinion, and the Appearance that Men make in the World : but as it is very natural for Private Men to be tempted with specious Views of Profit and Advantage, they are often drawn to launch out beyond the Power of their own Stock, and to adventure the Estates of their Creditors ; so that when they come to suffer Loss and Disappointments in their Dealing, they not only bring Ruine upon themselves, but involve many others in the same, who have entrusted them with the keeping of their Money ; and of this we have seen but too frequent Examples. It must however be acknowledg'd, that a Man of Prudence and true Honesty, may as securely be trusted with the greatest Treasure, as any Body of People whatsoever, and that there are such among those who are concern'd in this way of *Banking*, we have had large Experience, and especially in that great Time of Famine (if we may so term it) whilst the Money was in recoining, when

when several of the Bankers yet living, and to their due Honour be it remembred, manag'd their Affairs with that Caution and Integrity, that they continu'd to make their Payments, and kept their Credit, even beyond the Bank of *England* at that time: So that these kind of Banks are also of good use in trading Cities, and all People must make use of the requisite Caution, to be well assur'd of the probity of the Persons they intrust.

By what has been said it may sufficiently appear, that nothing but ready Money can be a proper foundation for a Bank; that the second kind is the most useful and extensive to all the conveniences of the Publick, and of Trade; and that it's business is to keep the Cash of Traders, to deal in Bullion, Exchanges, and Discounts, and to lend Money upon Securities, but upon none but such are morally certain, and for short time of Payment, or which upon occasion may be readily exchang'd again for Money. On the contrary, that it ought never to purchase or lend Money upon Lands, as well because of the hazard of Titles, as of the tediousness and uncertainty of Repayments; least of all may it deal in Merchandise, because of the risque

of Adventuring, the dubiousness of Profits, and the length of time for Returns ; It ought also to be strictly restrain'd from the buying and selling of Merchantil Commodities, because of the injury that may thereby redound to other Traders.

It may be here requisite to take notice of that erroneous Notion entertain'd by some, that Banks do engross Money, hoard it up, and hinder it's Circulation in Trade ; but if they will consider rightly, they will easily be convinc'd that the Money lodg'd in Banks, is the most constantly employ'd of any, because tho' the Species should lye still till call'd for ; yet the Notes given out for it's value, are continually circulating among Traders, whereby it comes to do abundantly more service than what remains in private hands.

Nor should we omit observing the mistake of those who have imagin'd that Lands settled to a competent Value, might be erected into a Bank, and would become so certain and reputable a Fund, that if Bills were issued to the value of above three times the usual purchase of the Lands, they might obtain a currency, upon the assurance that two thirds of the clear Rents of

of the Lands paying off yearly such a proportion of the Bills, the whole number of them would be paid off and sunk in 100 years. Or, to render this more intelligible, that Lands of 150 *l. per Annum* being settled upon a Land Bank for the payment of 100 *l.* clear every year; Bills for 10000 *l.* might be issued thereupon, whereof 100 *l.* being paid off yearly, the whole would be clear'd, and the Land revert to the Proprietor, at the end of 100 years; and 'twas suppos'd that with the help of a little circulating Money, to give these Bills a currency at the first, the World would come in a little time to esteem them as Money, because they would certainly be all paid in time.

We might well suppose that the absurdity of this Project were at first sight too evident to deceive Mankind, if the House in Great *Queen-Street* did not still remain an Evidence, that many People were once drawn in to squander away a great deal of Money upon an attempt to put this imaginary Scheme into practice: It may not therefore be time mis-spent, if we take a little pains to detect the fallacy of this Nation; and the rather, because it will naturally lead us to observe how unfit Lands are to be in any manner apply'd to the use of Banks.

Let us then consider that all things bought and sold are valued at a certain Price, Standard, or Measure, in respect to the current Money of the Country.

Those Commodities which are call'd Staple, have a certain establish'd Price, from which they rarely vary much either by exceeding or abating: Such as Lead, which is commonly worth about one Penny per lb. Gold is reckon'd at about 4*l.* per Ounce; the Lands of *England* are valued at about twenty years Purchase, and so 150*l.* per *Annum*, will yield 3000*l.* and an Annuity of 100*l.* per *Annum* for 100 years, secured to be paid by Lands of a competent value, may be esteem'd at about 1800*l.*

The first Principle in Dealing, is to know the worth and value of Commodities, and no Man will give more for a thing than he esteem's it's worth.

As Money then is the Medium of Commerce, and as Bills of whatsoever kind, are always to be taken as so much Money (being only intended, as has been already shewn, to excuse the frequent receiving and paying it) any Person, not interess'd in the Bank,

Bank, who takes 10000 *l.* value in such Bills, either buys them, or receives them in payment for so much due to him, and is sure that neither he nor his Assignees can ever receive more for them than 100 *l. per Annum*, for 100 years successively; and he that will give 10000 *l.* for such an Annuity, which may be purchas'd for 1800 *l.*, shall be accounted as very a Fool or Madman, as he that will give 5 *s. per lb.* for Lead, 20 *l. per Ounce* for Gold, or 166 years purchase for Lands.

Now the mistake of this Project arises from an imagination, that because 'tis common for trading Banks to obtain so great a Credit, that their Bills may pass through many hands before they come to be paid, so that a great running Credit in their Bills may be circulated with a far less Sum in Money; that therefore this Bank also would in time arrive to the same Reputation.

This confidence also may seem to be confirm'd from the further Observation, that young Tradesmen are frequently trusted with Goods to two or three times the value of their own proper Stock or Worth; it may therefore be requisite to consider the difference of these two kinds of Credit.

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He that sells Goods upon Trust, always makes such a price as shall sufficiently compensate for the time of the Trust, and from thence arises a principal part of his Gain; but then he orders his Matters so, that the Money constantly coming in from his Debtors, may be sufficient to answer all Demands upon himself, whereupon his own Reputation depends. Now if this Tradesman, for saving the trouble of receiving and paying Money, lodges his Money in a Bank, (as is very usual) expecting no Interest or Profit thereon; 'tis in confidence that it lyes always as ready there to answer his Note at Demand, as if it lay at home in his own Cash-Chest: And he is very sensible that if he meets with any Disappointment in this, he hazards his own Credit.

But Banks gain their great Credit from their Exactness and Punctuality, in being always ready to pay off all their Bills as fast as they are demanded of them; from whence People entertain an Opinion, that either they keep the greatest part of their Money always by them, or at least that they deal so warily, as to be able to command it all upon short warning. The Tradesman then gives large Credit to his Debtor, because

cause he gains by it; and tho' he trusts his Money to the keeping of the Bank, yet it may not be said that he gives Credit to it in the same sense he do's to the former, because he always depends upon having it every moment to answer his Occasions.

And thus, tho' Traders will ever esteem the Bills of those Banks equal with ready Money, where they believe the Stock is always sufficient to pay them off on Demand; yet they will never be perswaded to accept Bills as current payment from such a Bank as this we are speaking of, where they are sure before-hand, that the Fund propos'd is so far deficient, as not to be worth one fifth part of the value which is to be issued out in Bills.

There are some however that have propos'd a much more rational Scheme for the constituting of what they would call a Land-Bank, and that is by settling a competent value in Lands to remain as a fixed Fund of Credit for the Undertaking, and to raise thereon a considerable Sum of Money to lye always ready for the circulating of their Bills. But if we shall strictly examine this also, perhaps it will be found that Lands can neither be fitly apply'd in this way.

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We are then to observe, that trading Banks make use of their Credit in a twofold manner : The one is, as they borrow for a certain time on condition to pay Interest for it ; as is practis'd by the Bank of *England*, when they give out their seal'd Bills : The other is, when they take upon them the Trust of keeping other People's Money, for which they give their Bills payable at Demand. For the latter, a very small Fund or Stock is sufficient, as we see by the large Credit given to young Bankers meerly from an Opinion of the Prudence and Honesty of the Man : For the former there ought always to be a visible Fund sufficient for the Lender to ground his Security upon.

Now as these Projectors admit that Land alone is not a practicable Fund for a Bank, without a competent Sum of Money joyn'd with it, we shall attain to a clearer view of this Matter, if we consider the Reasons why Land alone can never be a competent Security for a Bank.

Land and Money are the two mighty Sources, from whence Profit, Encrease, or Improvement flow ; and though they both fall into the Ocean of Wealth or Riches, yet

yet they glide through different Courses. Land produces its encrease by Cultivation, but always remains fix'd and immovable: Money on the contrary gains nothing by lying still, but makes its improvement by being continually employ'd in Trade, and toss'd from hand to hand. Land, for the most part, takes up the whole year for the bringing about its Return; but Money may be return'd ten or twenty (sometimes more) times in the year. From whence it may naturally be inferr'd, that the Profits arising from the employment of Money, must be much greater than the produce of Land.

Those then who are busie in Trade, and know how to employ their whole Stock, have often occasion to borrow Money, but never think of purchasing Lands, or letting out their Money at Interest ; and 'tis such who usually keep their Cash in *Banks*, where they may have it ready at a Call. But when Men are grown Rich, and are weary of Business, they incline to lay out their Money in Lands, and to lend it upon Securities ; though they seldom deal with *Banks* (unless they buy Stock) because, as they have no sudden Occasions for their Money, and chuse to let it lye out long

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upon good Security, they aim at higher Interest, than *Banks* usually give.

If a Trader then takes the Bill of a *Land-Bank*, and wants the Money to divide into lesser Payments, but when he comes to receive it, is told by the Managers of the *Bank*, that at present they can only pay him the Interest; and for the Principal, he may be confident that it is secured by as good Lands, and as safe a Title as any in *England*; the Tradesman may well answer, that his Dealing is not in Usury, and that if he cannot have the Money when he wants it, to supply his daily Occasions in Trade, he is not able to carry on his Business, which is much more profitable to him, than the Interest of Money, or Rents of Lands; and that therefore he will return the Bill to the Person who gave it him, and never meddle with any more of them. Thus 'tis plain that a *Bank* of Lands can never prove effectual, without a sufficient Fund of Money to support it.

Let us then see what it will be when it is furnish'd with a Stock of Money, and suppose that Lands to the value of one Million, are settled for the Fund of a *Bank*, upon

on the Credit whereof Bills bearing Interest, (of the same Nature as the *Bank of England's Seal'd Bills*) are given out to voluntary Lenders for 750, 000 *l.* which is to the utmost usual extent of the Security, and this shall be the Money-Stock, provided for the Circulating the Bills.

Now if the Managers shall act so justly, as to extend their Credit no further in Dealing, than is competent for this Stock, it becomes as perfectly a Money-*Bank*, as any other, and the Lands are no otherwise concern'd, than as if so much Money were borrowed in the common way of Mortgage, for 'tis evident that they would have no manner of Operation in such a Management.

But if they shall adventure to extend their Credit beyond the Power of this Money-Stock, to such a Degree, as to have any dependance on the remaining value of the Lands, this will be effectually the same thing, as Mortgaging the Lands twice over; and as the Man who should do this, would incur the censure of being a Knav, and People would avoid Dealing with him; so if the *Bank* should be discover'd in this Practice, all People would soon withdraw

their Credit ; and though it should not be discover'd, the Action is never the less Dishonest, because there is a Possibility that a general Demand may fall upon the *Bank*, (as such occasions sometimes happen) and then such of the honest Traders, who happen to come towards the latter end, must at best content themselves with Land-Security, when such a disappointment of the ready Money which they had provided for the making their own Payments, as they expected to be called upon, may be of that fatal Consequence to some of them, as to break their Credit, and ruin their Families.

Upon the whole Matter, Men may, if they think fit, Mortgage their Landed Estates, for the raising of Money to be employ'd in Trade or in Banking, and with that Money they may establish a competent Fund for a reputable *Bank* ; but till they can find a way to toss Lands from hand to hand, and divide them into as many Particles, as they can do with a Bag of Money, the Lands cannot honestly be brought to bear any share of the *Banking* Trade; so that we may with some Confidence, conclude with what has been laid down before ; That nothing else ought to be understood

stood of a *Bank*, but that it is a Repository of Cash, or other Staple Moveable Treasure ; and that therefore no other Fund can fitly be apply'd to *Banking* but real Ready Money, or what is always capable readily to produce it.

At last, the Author of these Papers makes his ingenuous Confession, that he has formerly been under the same Mistake, that Lands and Money might be united in the Constitution of a *Bank*; but falling into the Consideration of the different Natures, Qualities, and Accidents of those two Subjects, he owns himself convinc'd, that their Improvements are made by such different ways as are proper and peculiar to each, and that therefore they can never be capable of being blended and consolidated into one and the same Application to Trade : And yet he will acknowledge, that when the rest of this Nation shall grow so wise as to imitate the *West-Riding* of the County of *Tork*, by instituting a general Registry for the securing of Titles, the Lands of *England* will be brought to the nearest Capacity of resembling Ready Money, that the nature of the Subject can admit.

Of

Of Credit.

The ordinary *Credit* practis'd among Neighbours in the smaller kinds of Dealing, is a Thing so well known, that we may omit the making any Observations thereon, and proceed to consider those kinds of Credit which are us'd among larger Traders. And these may be reduced under two Heads. The Borrowing Money on Credit ; and the Buying and Selling Commodities on Credit.

Every considerable Trader ought to have some Estate, Stock, or Portion of his own, sufficient to enable him to carry on the Trade he applies himself to.

The best Traders (like *Bankers*) are always careful to keep their Dealing within the Power of their Stock or Fund, so as that no small Disappointment in their Returns may put them out of a Capacity to preserve their Credit.

Yet good Traders may sometimes lie under the necessity of borrowing Money for the carrying on their Business to the best Advantage ; as, when the Merchant has

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Commodities on his Hands which he is willing to keep for a rising Market, or Sums of Money owing him, which he cannot get in time enough to supply his Affairs; if he wants Money to pay the Customs of what he imports, or to buy Goods for Exportation in the proper Season, or if the Wholesale Dealer buys large Quantities of Merchandise for present Pay, and wants a part of the Money to make up the requisite Sum: On such, or the like, Occasions, the taking up Money at Interest may be reputable, and is a great Convenience and Help to the carrying on of Trade: But then the Borrower ought to be so just to his own Reputation and to his Creditors, as to be well assured that he has sufficient Effects within his Power to pay off his Obligations in due time.

But if the Trader shall borrow Money to the extent of his Credit, and launch out into Trade, so as to employ it with the same Freedom as if it were his own proper Stock; such a way of Management will be very precarious, and be attended with dangerous Circumstances; for as Trade is subject to unforeseen Accidents, if such a Trader shall meet with Losses or Dis- appointments, falter in his Pay, and bring his

his Reputation into doubt, this may draw the Demands of all his Creditors upon him at once, utterly ruin his Credit, and render him uncapable of getting in so much of his scatter'd Effects, as will pay his Debts, altho' he might believe that he had more than enough to satisfy all the World. As therefore a Wise Man will Trade so cautiously as not to hazard the Loss of his own proper Estate at once; much more should an Honest Man be careful not to involve the Estates of other Men in his own Adventures in Trade; but he that knows he has lost his own Fortune, and endeavours to recover it by Trading with the Stocks of other Men, can have no Pretence to the Character of either Wise or Honest.

The Dealing for Goods upon Credit, was, doubtless, introduc'd by the trusting of young Beginners, whose chiefest, or perhaps only, Stock, might be the Opinion of their Capacity, Industry, and Honesty; and as this is continued to Retailers, and such who Trade for small Sums, it may be reckoned a commendable and useful Practice in Trade: But whether the using it in the way of great Wholesale Traders, in so large a manner as is common

mon in *England*, may be advantageous to Trade, is a Consideration that may admit of many Scruples.

But this Maxim we may advance with some Assurance, That Merchants ought never to buy their Goods for Exportation upon long Credit, and with Intent to discharge the Debt by the Returns of the same Goods ; for this has an injurious Influence upon Trade several ways, whereof divers Instances may be given. It tends to force Trade, and glut Foreign Markets with greater Quantities of Goods than is ordinarily required, whereby the Price of the Commodities comes to be abased, to the Prejudice, not only of the fair Trader, but also of the Trade of the Nation in general.

When the Price of Goods is lower'd, the Manufacturers commonly endeavour to make them worse in Quality, that they may be able to sell them at those lower Prices ; and this brings them into Disesteem, and, by degrees, loses the vending of them, and transfers the Trade to other Countries, who supply the same Markets with better Commodities. And here it may be noted, that, for the preventing this Evil, all our Manufactures ought to

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be strictly kept up to a Staple or Test, to warrant their Reputation, in the same manner as *Colchester* Bays, which have by this means maintain'd their Credit for many Years.

He that buys Goods for Time, must consequently pay the dearer for them, and, as is before observ'd, must force a Sale abroad, that he may have the Returns, in time, to answer his Credit; and if by the falling the Market, the Money-Dealer gets little or nothing, He, to be sure, must sell for Loss: And again, if he makes his Returns by Merchandize, his Necessities compel him to sell his Importation immediately, for the raising present Money, which oftentimes turns to Loss also: So that this way of Trade is not only highly injurious to Trade in general, but such Traders do most commonly both undo themselves, and involve many others in their Ruine.

It should therefore be an establish'd Principle among Merchants, that when they have occasion to make use of their Credit, it should always be for the borrowing of Money, but never for the buying of Goods, wherein their greatest Care ought to be exercis'd, that they may be purchas'd at the best hand.

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Let us now examine whether the large Credit given to our Wholesale Traders may be a justifiable Practice in Trade: And before we enter upon the Argument it may be necessary to observe, that it is not us'd in any other trading Nation to that extent as it is in *England*; and if any one should think that the Custom of the *Dutch* contradicts this Assertion, because they give three Months time upon all Contracts; they will find that this Credit is only in Notion, but nothing less in Practice; for the Merchant always expects his Money when call'd for, and allows the Buyer *1 per Cent.* for prompt Payment: but if any Dealer should insist upon the time, and refuse to pay till the three Months are up, tho' he may not be sued till that time, he loses his Reputation, and must expect no more Trust.

Nothing is more evident than that the original, natural, and genuine way of Trade must have been to buy and sell for ready Money, and that the felling large Quantities of Goods on Trust has been superinduc'd through ill Custom, which with us, by long usage, is become so habitual, that we hardly mind the Inconveniencies of it, or endeavour to reform it. But to give a clear View of it, we may observe an In-

stance how it has been introduc'd, and how rectified in a foreign Country.

The usual way of vending Goods in *Spain* for the Expence of the Country, was by the Traders of the Inland Cities, who came to the Sea Ports, and purchas'd with their ready Money, from the Factors of the several Nations residing there, such Commodities as they wanted ; but they never thought of such a thing as the asking for Credit, till the Factors, when they were over-stock'd with Goods, would perswade them to take more, and pay for them the next Journey ; and thus by degrees they run it into a trusting Trade, which continued for some Years ; but the Inland Traders being hereby also enabled to give Credit to their Under-dealers, fell to be more and more behind in their Pay, and being presis'd by the Factors, most of them, who had liv'd comfortably, when they traded upon their own Stocks, came to be ruin'd by adventuring upon Trust ; the Factors dis- oblig'd their Principals by contracting great Losses by bad Debts, whereby many of them lost their Businels, new Factors were sent over, and positive Orders given by the Principals to sell none of their Goods but for ready Money : and thus the Trade was reduc'd

duc'd to its former course, and so it continued.

But if we will look at home, we shall find this Mischief radicated in the whole course of our Trade to a degree beyond comparison in any other Nation, the greatest part of our Inland Traders, who deal for very great Sums, continuing to manage their Business in this way; and though many of them who act with Care and Prudence arrive to considerable Estates, yet if they account the Slowness of the Returns which they make, together with the Losses which accrue from the bad Debts of such whom they trust again, they might perhaps have made greater Improvements if this way of Trusting and being Trusted had never been introduc'd.

On the other hand, it is so natural for Young-men to aim at the way of Living and Trading like the wealthy Masters whom they have serv'd, that finding Credit so easie, and their Acquaintance large among the Country Chapmen, they launch out into Trade far beyond the Power of their own Stock; and tho' they may hold it for a time, yet when they meet with Disappointments and Losses from their Under-dealers, and come

come to faulter in their own Credit, how many have we seen ruin'd and undone themselves? and how great the Losses they have brought upon their Creditors? And from hence chiefly it comes to pass, that the Number of Bankrupts in *England* is greater than in other Trading Countries.

Now as the hurt to Trade by this kind of Dealing is very apparent, 'twill be hard to shew in what manner it can be helpful to it, and therefore it seems to be meerly a Vice in Trade, and that if it could be removed, the Trade of the Nation would become more flourishing and advantageous.

If any should think that it contributes any thing to the promoting and enlarging of Trade, this Notion will appear very ill founded, when it shall be considered that it adds nothing to the Expence of Commodities, for there will remain no less occasion for Consumption if this Excess of Credit were lessen'd, the only effect of it being that it enables People to over-stock themselves with Goods, and consequently it lies as a dead weight on the Trading Stock of the Nation, and cramps the Merchant in his Trade by the tedious Length of the Return.

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If it should further be argued, that the lessening of this sort of Credit, would be a great hinderance to young Tradesmen, who begin with small Stocks; Let it be observ'd, that Men usually place their Sons to Trades suitable to the Portions they design to give them, and when they shall receive less Credit from the Merchant, they will give less Credit in their Selling, and so will continue to hold a share in Trade proportionable to their Stock, which is as much as an honest Man should aim at: And there can be no doubt, but under such a Regulation, more Tradesmen would Thrive, and fewer would Miscarry, than under the present misgovern'd Managements: And if the want of competent Stocks, should discourage small Shopkeepers, and tend to lessen their Numbers for the future, the youth might be bred up to more useful Employments; and 'tis certain that one Manufacturer is more profitable to the Commonwealth, than many Shopkeepers.

That there is a possibility of reforming this ill Use, in respect of the Buyers, is demonstrable from the Practice of the *East-India Company*, who make the Trader pay for

for the Goods bought, before he receives them ; and yet we see this is no hindrance in the currency of vending their Commodities through the Nation. But as a multitude of Sellers cannot be brought to an universal concert in their Business, like those who Trade upon a joint Stock ; on their part, 'twill be a work of more difficulty and time.

However, 'tis probable that some Courses might be attempted, which may by degrees prove effectual for the remedying this Corruption in Trade ; and therefore to contribute one thought towards so good a Design ; suppose the Seller who gives Credit, should require his Debtor to give a Note under his Hand, upon the same Paper with the Bill of Parcels, promising to pay the Sum therein mention'd at the time agreed, with Interest for any forbearance after Due, and that he should get the same to be Registered and Attested in any Court of Record, at the Seller's Direction, upon delivery of which attested Note, the Debtor shall receive the Goods bought, and in case of Non-payment at the time, or to the Creditor's Satisfaction, he might, without the trouble of suing in the common Way, (since the Bill of Parcels and Registry makes any

any further Proof or Tryal needless) take out Execution, and levy the whole, or what part of the Debt remain'd unpaid, upon the Goods of the Debtor when he pleas'd.

We know indeed, that the acknowledging of Judgment in the manner now practis'd, is effectively the same with what is here propos'd; but as that is become a word of Terrour, and what Men in good Credit will not submit to, it may be requisite to institute something with a milder Name in the stead of it, though it may have the same effect; and if upon the first Introduction, it can but be brought into common Practice, time will make it familiar, and none who desire Credit, would scruple it; in order to which, if no Judgment were to be valid between Trader and Trader, but what should be obtain'd upon Tryal in open Court, and that such registered Notes should have preference before all other Contracts; but more especially, if no other proof for Debts upon Dealings between Tradesmen for the value of above Twety Pounds, were admitted, but what should be thus Registered. It is not to be doubted, but that if some such Provision as this were made by Law, People would ge-

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nerally come into it, and few Creditors would trust their Goods to any Buyers, who should refuse to comply with such a Security, as could alone subject them to be under the power of the Law. This would certainly render People more cautious in over-buying themselves, bring them to some exactness in their Payments, and, as few Men of good Estates would care to hamper themselves with such severe Obligations; would be likely in time to bring back the bulky part of Dealing, to the old laudable way of Buying and Selling for ready Money.

If the Necessitous, and poorer sort of People should think that this shortening of Credit would be a grievance to them; Let them consider that 'tis their Improvidence which makes them, and keeps them Poor: Nature is content with a little, and every Man that is able to Work (the Law taking care of the Impotent) may easily supply himself with Necessaries; but their Misfortune is, because they indulge themselves at some times with more than they need, they are forc'd at other times to live with less than they need; they would readily hearken to any one that would tell them how they should get more Money; if they buy

buy at Trust, they must pay for it at one time or other, or be in danger of the Goal, and they know that they pay much more for Trust, than if they bought with ready Money, the paying then at first, will save just so much as they must pay more at last ; and this, under the Name of Saving, is the same thing as Getting ; for this difference in Price, is Money meerly wasted, because they neither Eat, nor Drink, nor Wear the more for it ; and after all, they need not fear the want of Credit for their necessary Provision, such Credit for a Week or two (and they can want no more when Wages is well paid) will always be given to those who maintain an honest Reputation.

In like manner we may argue with the Rich ; if they run into Debt, 'tis their Luxury and Improvidence that brings them, and keeps them so ; would it not be an acceptable piece of Service, to shew them how they might be eas'd of their Taxes ? Let them pay ready Money for all they buy, which would save many a Gentleman more than the amount of the Taxes, as they are rated in the remote Counties : but perhaps some are already in Debt ; and think they cannot live without continuing so ; Let them

retrench their Expences for a year or two, till they get one half years Rent before-hand; and this would enable them (if they can be content to live upon their own Estates) to keep out of Debt for ever hereafter; but if their Debts are too big to be so soon work'd off, let them Mortgage their Estates (if Selling out ben't better) for so much as would clear them, and put them in Stock for half a years Expence, and the business were done, if they could take up, and be good Husbands for the future: but if they are resolv'd to see the end of their Estates, borrowing Money to buy all their Superfluities at the best hand, is still the best Husbandry, because they would hold the longer.

And thus, after the Difficulties which at the first do commonly attend Alterations, are over, all degrees of People will find their Account in this; Money will become more plentiful in its Circulation; Rents will be better paid; Improvident People will be induc'd to a greater degree of Frugality; (which is the first Principle conducive to National Riches) Tradesmen, who have Stocks of their own, great or small, would make larger Improvements, as well by means of their quicker Returns, as by preventing

venting the many Losses which they have been us'd to sustain from bad Debts, as likewise from lessening their Numbers, when such as have no Stock must live no longer upon the Publick, but will be oblig'd to apply themselves to Labour or such other Employments as are suitable to their condition, and whereby they will become much more useful in their Generation: And, to conclude, we shall find that the old Rule for Credit, which we learn'd in our Grammar, will always continue to be the true Standard for it, as long as Trade shall be carried on in the World;

*Quantum quisq; sua nummorum tenet in arca,
Tantum habet & Fidei —*

Just so much Credit we may fairly crave,
As Money coin'd, or Money's worth we have.

Of the Plenty and Scarcity of Money.

The Scarcity of Money, is one of the common Complaints of the People.

But this may be understood in a twofold Sense; either such a Scarcity, as that the Trade of the Nation is obstructed for want of

of a sufficient quantity of the Species : Or a scarcity of its Circulation among the People.

As we take it to be most commonly meant in the former Sense, it may be worthy our Pains, to inquire whether there be any real ground for such a Complaint, in order to remove unjust Prejudices out of the Minds of the People, if it shall appear to be otherwise.

Let us then observe, that besides the employing it in Trade, there is another use for Money, and that is the laying it up for Treasure : And because 'twas impossible to make any reasonable Guess at the quantities dispos'd in this hidden way, all the ingenuous Calculations that were made for discovering what the Money of the whole Kingdom might probably amount to, fell much short of the Sum that appear'd, when the Money was brought out to be recoin'd.

But there have been divers Occasions in our time, for the opening of these Treasures ; the Million *Bank*, and the unaccountable rise of Gold, before the calling in of the old Money, brought out many an old hoard, that had not seen the Light for several Reigns,

Reigns, and then the Recoyning brought out the rest, and since that there has been so many profitable Occasions of Lending to the Government, Subscribing to the *Bank of England* and the *East-India Company*, and Purchasing Annuities, that People have made a wiser Choice by taking the Advantage of these Improvements, than they would have done if they had again bury'd their Talent in the Earth : And from hence it comes to pass, that a far greater quantity of Money has been tumbled out for general Use, than was ever known in Former Times. And tho' it may be reasonable to suppose, that the great Expence Abroad during Two long Wars, and the Want of our wonted Supplies from the *Spanish* Trade, may have in some measure lessen'd the National Stock of Money ; yet it is evident from the low Interest of Money, that there is no miss of it for the Uses of Trade, which, as has been argued in the former Discourses, may, with prudent Managements, be carry'd on to a very great Extent, with a much less Proportion of Money in Specie, than People generally imagine.

To consider the Scarcity of Money in the latter sense, we may readily assent that there

there may be a very sensible discerning of Plenty or Scarcity in its Circulation among the People. When Trade is quick, and our Manufactures are bought up through the Nation, the Species of Money will be plentifully distributed among the People; but when Trade is in any measure obstructed, and the Vent of our Commodities less'n'd, as is the Circumstance of the Nation at present by reason of the War with *Spain*, the Circulation must be lessen'd in the same proportion, and the Scarcity will be felt among the common People.

Upon the whole matter, we may say with some assurance, that the justest Notion we can have of the Plenty or Scarcity of Money is, that with those who have Estates of their own, and who manage their Affairs prudently, Money is always plenty; but with such who over-trade their Stock, or who have nothing but their Labour to depend on, and who take no care to lay up against a rainy day, Money will often be scarce.

F I N I S.

E R R A T A.

P. 24. l. 1. r. to give him. P. 29. l. 17. r. gaining.
 P. 39. l. 11. dele not. P. 65. l. 13. after Money, add,
 or what will daily command it.

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